

**Opening Statement for Chairman Joseph Lieberman
Homeland Security and Governmental Affairs Committee
“Follow the Money: Transparency and Accountability for Recovery and Reinvestment
Spending”
March 5, 2009**

Good morning and welcome to today’s hearing: “Follow the Money: Transparency and Accountability for Recovery and Reinvestment Spending.” Our purpose today is to examine how the federal government will account for the hundreds of billions of dollars that will be spent over the next two years and beyond as part of the American Recovery and Reinvestment Act.

It is our Committee’s responsibility under our traditional governmental affairs role to study “the efficiency, economy, and effectiveness of all agencies and departments of the Government.”

We take that responsibility seriously and we intend to ensure that measures are put in place to prevent cost overruns, provide strict oversight of contractor performance, and ensure that grant conditions are met, and that fraud is promptly prosecuted in all aspects of stimulus spending – which is truly unprecedented in the

amount of money Congress has appropriated and the speed with which we have asked our government to spend it.

I want to thank our witnesses – Rob Nabors the Deputy Director at the Office of Management and Budget, Gene Dodaro the Acting Comptroller General, and Phyllis K. Fong, Inspector General of the Department of Agriculture who chairs the Council of the Inspectors General on Integrity and Efficiency - for coming in today. Each of them has a critical role to play in ensuring that these stimulus funds are not just spent quickly to help our economy, but effectively to protect our taxpayers.

History can be our guide in this. Seventy six years ago yesterday, President Franklin Roosevelt began his famed “first 100 days” with his first inaugural address to a nation then mired in the Great Depression. Unemployment was around 25 percent.

In his address, Roosevelt told an anxious nation that – I quote:

“Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural resources.” End of quote. That fits quite perfectly the aim most Members of Congress who voted for the stimulus had in their minds.

Ultimately the New Deal put eight million Americans back to work laying 650,000 miles of roads that speeded commerce; constructing the Bonneville and Grand Coulee dams that brought electricity into rural homes; erecting airports, like La Guardia in New York City, which became the hubs of a modern transportation

infrastructure, along with the construction of thousands of other public buildings and parks we still use today.

By the end of Roosevelt's first term, the unemployment rate had been cut in half. We hope to see a similar cut at the end of President Obama's term.

The American Recovery and Reinvestment Act is similarly ambitious, seeking to save or create four million jobs by putting Americans to work in traditional infrastructure projects, like roads, bridges and buildings, but also by laying the groundwork for a 21st Century economy with investments in clean renewable energy, high-speed rail, computerized health care records and expanded broadband access across the nation.

With these investments, we will not only create millions of jobs in the short term, but can emerge from the current recession with the tools, physical assets, and a workforce with the skills that will make our economy even more productive in the long term.

But the history of the New Deal also offers some cautions as we embark on this massive stimulus program. Not all the New Deal projects left the kinds of grand legacies as the ones I mentioned earlier.

In the nation's capital, 100 people were hired to scare pigeons. In New York, people were put to work as fire hydrant decorators. The federal government funded a study on the production and efficiency of safety pins.

So frequent were these dubious projects that the word "boondoggle" was born to describe any job or program that wasted money and produced trivial results.

In fact, so common was this criticism that Roosevelt felt obliged to defend it, saying: "If we can boondoggle ourselves out of this Depression, that word is going to be enshrined in the hearts of the American people for years to come."

That's not the way it has worked out. Today we all know and disdain boondoggles. And while we understand that our economy

needs a jolt, we want to make sure that every dollar of the \$500 billion the Recovery Act targets for spending on projects and programs will be used to restart the economy with not a penny lost, wasted or stolen.

We understand that speed is important, but we must not repeat the kind of mistakes that occurred in support of Iraqi reconstruction projects or in the aftermath of Hurricane Katrina where money was rushed out the door with little accountability and billions were wasted.

We think we're off to a good start with some specific provisions of the Recovery Act legislation that put us in a position to protect taxpayers through spending of this money.

First, the legislation includes about \$250 million in additional funding for inspectors general to hire experienced auditors and investigators. The IGs are already designing proactive measures to ensure the stimulus money is spent properly.

Second, the legislation also creates the Recovery Accountability and Transparency Board, which will be headed by Earl Devaney, the Inspector General of the Interior Department, who was appointed to the post last week by the President – and at least 10 inspectors general from departments and agencies that have some jurisdiction over the recovery package.

This board is meant to ensure coordinated and comprehensive oversight of stimulus spending and provide regular reports to Congress and the public.

Mr. Devaney is just getting up and running, and I look forward to having him testify before the Committee at a future hearing.

Third, the Recovery Act adds protection for whistleblowers who work for state or local governments or for private contractors, who generally have no federal protection against retaliation if they disclose waste or fraud in the spending of federal stimulus funds. Some of the most significant information we get comes from people

in the middle of the system, and they deserve whistleblower protection.

Fourth, a special website called Recovery.gov will provide transparency by posting information about spending, including grants, contracts, and all oversight activities, so that any American will be able to report on waste, fraud or abuse when they see it.

We want to work closely with the Obama Administration to make sure we have the manpower and systems in place to do the job right and safeguard the taxpayers' investments.

The last think we need is waste and fraud in the spending of the billions of dollars of stimulus funds, which would break the public's confidence in their government just when we need it the most.

That is why our Committee is giving notice with this hearing today that we will monitor spending of stimulus money and oversee those who have the responsibility oversee stimulus spending.

Senator Collins.